

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MOM CA Investco LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10321 (BLS)

(Jointly Administered)

Hearing Date: August 14, 2025 at 1:30 p.m. (ET)

Objection Deadline: August 7, 2025 at 4:00 pm. (ET)

**MOTION OF COLE SCHOTZ P.C. FOR LEAVE TO
WITHDRAW AS COUNSEL TO SPECIALTY DIP LLC**

Cole Schotz P.C. (“Cole Schotz”), counsel to Specialty DIP LLC (“Specialty DIP”) files this motion (the “Motion”) seeking the entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to § 105(a) of the United States Code (the “Bankruptcy Code”) and Rule 9010-2(b) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) granting leave for Cole Schotz to withdraw as counsel to Specialty DIP LLC in the above-referenced matter (the “Chapter 11 Cases”).. In support of the Motion, Cole Schotz respectfully states as follows:

¹ The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: MOM CA Investco LLC [6263], MOM AS Investco LLC [6049], MOM BS Investco LLC [6180], Retreat at Laguna Villas, LLC [2046], Sunset Cove Villas, LLC [9178], Duplex at Sleepy Hollow, LLC [9237], Cliff Drive Properties DE, LLC [0893], 694 NCH Apartments, LLC [0318], Heisler Laguna, LLC [4709], Laguna Festival Center, LLC [4073], 891 Laguna Canyon Road, LLC [0647], 777 AT Laguna, LLC [8715], Laguna Art District Complex, LLC [8316], Tesoro Redlands DE, LLC [2764], Aryabhata Group LLC [7332], Hotel Laguna, LLC [9580], 4110 West 3rd Street DE, LLC [8641], 314 S. Harvard DE, LLC [2057], Laguna HI, LLC [6408], Laguna HW, LLC [9470], The Masters Building, LLC [6134], and 837 Park Avenue, LLC [3229]. The Debtors’ headquarters are located at 520 Newport Center Drive, Suite 480, Newport Beach, CA 92660.

JURISDICTION AND VENUE

1. The United States District Court for the District of Delaware has jurisdiction to consider this Motion under 28 U.S.C. § 1334, which was referred to the United States Bankruptcy Court for the District of Delaware (the “Court”) pursuant to 28 U.S.C. § 157 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b) and, pursuant to Local Rule 9013-1(f), Cole Schotz consents to the entry of a final order by the Court in connection with the Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief requested herein are Bankruptcy Code section 105, Local Rule 9010-2(b) and Rule 1.16 of the Delaware Lawyers’ Rules of Professional Conduct.

BACKGROUND

4. On February 28, 2025 (the “Investco Petition Date”), Debtor MOM CA Investco LLC (“MOM CA”), Debtor MOM AS Investco LLC (“MOM AS”), and Debtor MOM BS Investco LLC (“MOM BS,” collectively with MOM CA and MOM AS, the “MOM Investcos”) each filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. On March 10, 2025 (the “SPE Petition Date”, together with the Investco Petition Date, respectively, the “Petition Date”), nineteen (19) subsidiary special purpose entities (each an “SPE”) owned by the MOM Investcos (collectively, the “SPE Debtors” together with MOM Investcos, the “Debtors”)² each

² The “SPE Debtors” are: Retreat at Laguna Villas, LLC; Sunset Cove Villas, LLC; Duplex at Sleepy Hollow, LLC; Cliff Drive Properties DE, LLC; 694 NCH Apartments, LLC; Heisler Laguna, LLC; Laguna Festival Center, LLC; 891 Laguna Canyon Road, LLC; 777 AT Laguna, LLC; Laguna Art District Complex, LLC; Tesoro Redlands DE, LLC; Aryabhata Group LLC; Hotel Laguna, LLC; 4110 West 3rd Street DE, LLC; 314 S. Harvard DE, LLC; Laguna, HI, LLC; Laguna HW, LLC; The Masters Building, LLC, and 837 Park Avenue, LLC.

filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date of this Motion, no trustee, examiner, or statutory committee of creditors has been appointed in these Chapter 11 Cases.

5. On March 14, 2025, Cole Schotz entered its appearance as counsel of record for Specialty DIP in these Chapter 11 Cases. Cole Schotz's representation is pursuant to an engagement letter (the "Engagement Letter"), dated March 11, 2025. Among other things, the Engagement Letter obligates Specialty DIP to cooperate with Cole Schotz and it permits Cole Schotz to "withdraw from representation if you fail to abide by these Terms of Engagement as modified by the Engagement Letter, including for example, nonpayment of fees or costs, misrepresentation or failure to disclose material facts, conflicts of interest with another client, or your failure to communicate or cooperate with us."

6. Recently, however, there has been a breakdown in the attorney-client relationship that has rendered Cole Schotz's continued representation of Specialty DIP untenable, and professional considerations require termination of the representation and Cole Schotz's withdrawal as counsel in these Chapter 11 Cases. Furthermore, Specialty DIP has not upheld its financial obligations to Cole Schotz pursuant to the Engagement Letter. Accordingly, Cole Schotz is entitled to terminate the representation. The breakdown in the attorney-client relationship, irreconcilable differences between Cole Schotz and Specialty DIP, and Specialty DIP's failure to uphold its financial obligations to Cole Schotz have necessitated the filing of this Motion.

7. In accordance with Local Rule 9010-2(b), Cole Schotz has advised Specialty DIP that it intends to seek leave from the Court to terminate its representation of Specialty DIP.

Furthermore, Cole Schotz sought Specialty DIP's consent to withdraw as its counsel in these Chapter 11 Cases which, as of the filing of this Motion, it has not obtained.

RELIEF REQUESTED

8. Cole Schotz seeks leave to withdraw as counsel to Specialty DIP in these Chapter 11 Cases.

BASIS FOR RELIEF REQUESTED

9. Local Rule 9010-2(b) provides that an attorney's appearance may not be withdrawn except by leave of the Court, unless another attorney who is a member of the Bar of the United States District Court for the District of Delaware will remain as attorney of record for the withdrawing attorney's client or the client consents and there is no controversy pending before the Court.

10. While this Motion remains pending, Cole Schotz is prepared to make any necessary filings that pre-date an order of withdrawal.

11. Sufficient cause exists for this Court to grant leave for Cole Schotz to withdraw as counsel to Specialty DIP. Under Rule 1.16(b) of the Delaware Lawyers' Rule of Professional Conduct, a lawyer may withdraw from representing a client if, *inter alia*: (1) withdrawal can be accomplished without material adverse effect on the interests of the client; (2) the client fails substantially to fulfill an obligation to the lawyer regarding the lawyer's services and has been given reasonable warning that the lawyer will withdraw unless the obligation is fulfilled; (3) the representation will result in an unreasonable financial burden on the lawyer or has been rendered unreasonably difficult by the client; (4) the client persists in a course of action involving the lawyer's services that the lawyer considers repugnant or with which the lawyer has a fundamental disagreement; or (5) other good cause for withdrawal exists. Del. Lawyers' Rules of Prof'l

Conduct R. 1.16(b). Moreover, Local Rule 9010-2(b) provides that an appearance may be withdrawn by order on a motion duly filed, served on each party, and served on the party client by registered or certified mail addressed to the client's last known address, at least fourteen (14) days before the motion is heard by the Court. The Local Rule further provides that the filer is not required to confer other than with its party client prior to filing the motion to withdraw.

12. As noted above, Specialty DIP has not satisfied its obligations to Cole Schotz under the terms of the Engagement Letter and the attorney-client relationship has irrevocably broken down. Specialty DIP has likewise received reasonable advanced notice (both verbally and in writing) that Cole Schotz would seek Court leave to withdraw as counsel to Specialty DIP, consistent with the terms of its Engagement Letter.

13. Therefore, these facts satisfy the criteria for withdrawal as counsel under Delaware's Rules of Professional Conduct and the applicable Local Rule, and Cole Schotz should be permitted to withdraw as counsel to Specialty DIP.

NOTICE

14. Notice of this Motion will be served on (i) Specialty DIP by overnight and certified mail, as required by Local Rule 9010-2(b); (ii) the Office of the United States Trustee for the District of Delaware; and (iii) all other parties entitled to receive notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. Cole Schotz respectfully submits that under the circumstances and in light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the undersigned respectfully requests that the Court (i) enter the Proposed Order granting Cole Schotz leave to withdraw as counsel to Specialty DIP, and (ii) grant such other and further relief as the Court may deem proper.

Dated: July 28, 2025
Wilmington, Delaware

COLE SCHOTZ P.C.

/s/ Justin R. Alberto

Justin R. Alberto (No. 5126)

Stuart Komrower (admitted *pro hac vice*)

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